
Special Education Categorical Aid

Paper #17

During public hearings, the Commission heard testimony regarding increasing special education costs and the decreasing proration rate, which results in school districts using their general funds to cover a portion of special education costs.

The table below shows state funding in the special education aid appropriation, as well as two other appropriations that provide aid for special needs pupils, from 2000-01 to 2018-19.

Categorical Aid Funding for Special Needs Pupils, 2000-01 to 2018-19 (\$ in Millions)

	Child Count	Special Education Aid			High Cost Special Education	Supplemental Special Education
		Prior Year Aidable Costs	Appropriation	Proration	Appropriation	Appropriation
2000-01	125,267	\$880.9	\$315.7	35.8%	\$0	\$0
2001-02	126,852	936.8	315.7	33.7	0	0
2002-03	126,879	989.1	315.7	31.9	0	0
2003-04	127,779	1,037.6	316.5	30.5	0	0
2004-05	129,070	1,069.5	320.8	30.0	0	0
2005-06	129,873	1,110.8	320.8	28.9	0	0
2006-07	128,526	1,157.9	332.8	28.7	3.5	0
2007-08	126,496	1,213.6	350.2	28.9	3.5	0
2008-09	125,304	1,285.4	368.9	28.7	3.5	1.8
2009-10	125,301	1,323.0	368.9	27.9	3.5	1.8
2010-11	124,722	1,312.3	368.9	28.1	3.5	1.8
2011-12	123,825	1,386.0	368.9	26.6	3.5	1.8
2012-13	123,287	1,343.1	368.9	27.5	3.5	1.8
2013-14	122,654	1,359.6	368.9	27.1	3.5	1.8
2014-15	120,434	1,375.6	368.9	26.8	3.5	1.8
2015-16	120,864	1,391.2	368.9	26.5	3.5	1.8
2016-17*	N.A.	1,408.2	368.9	26.2	8.5	1.8
2017-18*	N.A.	1,435.4	368.9	25.7	9.2	1.8
2018-19*	N.A.	1,456.9	368.9	25.3	9.4	1.8

*Estimated

The special education appropriation reimburses school districts, independent charter schools, cooperative educational service agencies (CESAs), and county children with disabilities education boards (CCDEBs) for a portion of the costs for educating and transporting pupils enrolled in special education, including school age parent programs. The appropriation is equal to \$368,939,100 GPR annually in 2017-18 and 2018-19, and was last increased in 2008-09. Based on estimates prepared by the Department of Public Instruction in its 2019-21 agency budget requests, it is estimated that costs eligible for reimbursement in 2018-19 will total \$1.46 billion and the proration rate will equal 25.3%. Each 1% increase in the proration rate would cost the state approximately \$15 million GPR.

The high cost special education program provides additional aid to reimburse 90% of the cost of educating individual pupils whose special education costs exceed \$30,000 in a single year. The supplemental special education aid program provides aid to school districts meeting the following criteria in the prior year: (a) per pupil revenue limit authority below the statewide average; (b) special education expenditures as a percentage of total district expenditures above 16%; and (c) membership less than 2,000 pupils. A district may receive either supplemental special education aid or high cost special education aid in a given year, but not both.

ALTERNATIVES

1. Recommend increasing funding by \$45.1 million GPR in 2019-20, so that the proration rate will equal an estimated 28%, and by \$81.3 million GPR in 2020-21, so that the proration rate will equal an estimated 30%.

ALT 1	2019-20	2020-21
GPR	\$45,100,000	\$81,300,000

2. Recommend increasing funding by \$74.7 million GPR in 2019-20, so that the proration rate will equal an estimated 30%, and by \$126.4 million GPR in 2020-21, so that the proration rate will equal an estimated 33%.

ALT 2	2019-20	2020-21
GPR	\$71,700,000	\$126,400,000

3. Recommend increasing funding by \$119.0 million GPR in 2019-20, so that the proration rate will equal an estimated 33%, and by \$381.5 million GPR in 2020-21, so that the proration rate will equal an estimated 50%.

ALT 3	2019-20	2020-21
GPR	\$119,000,000	\$381,500,000

4. Recommend modifying the special education appropriation to be sum sufficient. Specify that the appropriation would reimburse 26% of eligible costs in 2019-20, and that percentage would increase by one percentage point in each of the next ten years, until it reaches 36% in 2028-29.

ALT 4	2019-20	2020-21
GPR	\$15,533,200	\$36,309,500